
AGRESERVES LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2003**



AGRESERVES LIMITED

COMPANY INFORMATION

DIRECTORS	J W Creer K F Keeler (resigned 01/07/04) C R Jolliffe A K Broadway C O Jones R L Cowan (appointed 01/07/04)
SECRETARY	C O Jones and P J Wheeler
COMPANY NUMBER	2947030
REGISTERED OFFICE	Manor Farm Woodwalton Huntingdon Cambridgeshire PE17 5YU
AUDITORS	Martin & Acock Chartered Accountants & Registered Auditors 2 The Close Norwich Norfolk NR1 4DJ

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DIRECTORS' REPORT
For the year ended 31 December 2003

The directors present their report and the financial statements for the year ended 31 December 2003.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity continues to be that of arable and livestock farming.

The company continued to operate a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology whilst ensuring the appearance and upkeep of the farm land and buildings which are maintained to a high standard.

The directors are committed to maintaining the positive trends in crop performance, whilst striving to improve economic rewards gained from the continued operating success, and are confident that previous levels of profitability can be attained.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £22,547 (2002 - £14,439) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/12/03</u>	<u>1/1/03</u>
J W Creer	-	-
K F Keeler (resigned 01/07/04)	-	-
C R Jolliffe	-	-
A K Broadway	-	-
C O Jones	-	-
R L Cowan (appointed 01/07/04)	-	-

DIRECTORS' REPORT
For the year ended 31 December 2003

AUDITORS

The auditors, Martin & Acock, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 27 October 2004 and signed on its behalf.



Director

INDEPENDENT AUDITORS' REPORT TO AGRESERVES LIMITED
Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts of AgReserves Limited for the year ended 31 December 2003 set out on pages 4 to 16, together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF AUDIT OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with those provisions.

Martin and Acock

Martin & Acock
Chartered Accountants
Registered Auditors

2 The Close
Norwich
Norfolk
NR1 4DJ

27 October 2004

ABBREVIATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

	Note	2003 £	2002 £
GROSS PROFIT		1,284,609	1,112,300
Selling and distribution costs		(757,249)	(817,251)
Administrative expenses		(225,307)	(229,575)
OPERATING PROFIT	2	302,053	65,474
Charitable donations		(312,494)	(84,776)
Interest receivable		32,988	19,302
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,547	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	-	14,439
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£ 22,547	£ 14,439

All amounts relate to continuing operations.

The notes on pages 9 to 16 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2003

	2003 £	2002 £
PROFIT FOR THE FINANCIAL YEAR	22,547	14,439
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£ 22,547</u>	<u>£ 14,439</u>

The notes on pages 9 to 16 form part of these financial statements.

ABBREVIATED BALANCE SHEET
As at 31 December 2003

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible fixed assets	6		907,190		920,240
Investments	7		6,928,674		6,928,674
			<u>7,835,864</u>		<u>7,848,914</u>
CURRENT ASSETS					
Stocks	8	1,468,402		1,463,687	
Debtors	9	2,711,979		2,757,129	
Cash in hand		546		848	
			<u>4,180,927</u>	<u>4,221,664</u>	
CREDITORS: amounts falling due within one year	10	(2,786,720)		(2,863,054)	
NET CURRENT ASSETS			<u>1,394,207</u>		<u>1,358,610</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£ 9,230,071</u>		<u>£ 9,207,524</u>
CAPITAL AND RESERVES					
Called up share capital	11		4,100,000		4,100,000
Capital redemption reserve			5,350,000		5,350,000
Profit and loss account	12		(219,929)		(242,476)
SHAREHOLDERS' FUNDS - All Equity	13		<u>£ 9,230,071</u>		<u>£ 9,207,524</u>

ABBREVIATED BALANCE SHEET
As at 31 December 2003

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 27 October 2004 and signed on its behalf.



Director

The notes on pages 9 to 16 form part of these financial statements.

ABBREVIATED CASH FLOW STATEMENT
For the year ended 31 December 2003

	Note	2003 £	2002 £
Net cash flow from operating activities	14	482,165	(2,924,486)
Returns on investments and servicing of finance	15	32,988	19,302
Capital expenditure and financial investment	15	(188,556)	(33,185)
Deed of covenant payable		(312,494)	(84,776)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		14,103	(3,023,145)
Financing	15	.	3,100,000
INCREASE IN CASH IN THE YEAR		£ 14,103	£ 76,855

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 16)
For the year ended 31 December 2003

	2003 £	2002 £
Increase in cash in the year	14,103	76,855
MOVEMENT IN NET DEBT IN THE YEAR	14,103	76,855
Net debt at 1 January 2003	(115,389)	(192,244)
NET DEBT AT 31 DECEMBER 2003	£ (101,286)	£ (115,389)

The notes on pages 9 to 16 form part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Farm building improvements and drainage	-	Straight Line over 5 to 20 years
Plant and equipment	-	Straight Line over 5 to 10 years
Motor vehicles	-	Straight Line over 3 to 10 years
Fixtures, fittings, tools and equipment	-	straight line

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.6 Pensions

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 December 2001.

1.7 Area aid Income

Area aid income is recognised in the profit and loss account when the underlying crops are sold. Set aside income is recognised on a receipts basis.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

2. OPERATING PROFIT

The operating profit is stated after charging:

	2003	2002
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	223,431	243,987
Auditors' remuneration	7,567	6,700
Operating lease rentals:		
- plant and machinery	874	1,449
- other operating leases	300,591	301,227
	<u>300,591</u>	<u>301,227</u>

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2003	2002
	£	£
Wages and salaries	426,710	436,439
Other pension costs	30,862	39,775
	<u>£ 457,572</u>	<u>£ 476,214</u>

The average monthly number of employees, including directors, during the year was as follows:

	2003	2002
Farming	10	10
Office and management	9	9
	<u>19</u>	<u>19</u>

4. DIRECTORS' REMUNERATION

	2003	2002
	£	£
Emoluments	<u>£ 75,924</u>	<u>£ 63,327</u>
Company pension contributions to money purchase pension schemes	<u>£ 8,039</u>	<u>£ 8,372</u>

During the year retirement benefits were accruing to 1 director (2002 - 1) in respect of money purchase pension schemes.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

5. TAXATION

	2003 £	2002 £
Deferred tax		
Origination and reversal of timing differences	-	(14,439)
Tax on profit on ordinary activities	£ -	£ (14,439)

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	22,547	-
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2002 - 30)	-	-
Effects of:		
Current tax charge for year (see note above)	£ -	£ -

There were no factors that may affect future tax charges.

6. TANGIBLE FIXED ASSETS

	Buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2003	56,690	1,637,547	111,940	1,806,177
Additions	-	334,056	-	334,056
Disposals	-	(213,665)	-	(213,665)
At 31 December 2003	56,690	1,757,938	111,940	1,926,568
Depreciation				
At 1 January 2003	27,776	762,941	95,220	885,937
Charge for the year	-	211,155	12,276	223,431
On disposals	-	(89,990)	-	(89,990)
At 31 December 2003	27,776	884,106	107,496	1,019,378
Net book value				
At 31 December 2003	£ 28,914	£ 873,832	£ 4,444	£ 907,190
At 31 December 2002	£ 28,914	£ 874,606	£ 16,720	£ 920,240

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

7. FIXED ASSET INVESTMENTS

	Shares in group under- takings £	Listed invest- ments £	Total £
Cost			
At 1 January 2003 and 31 December 2003	<u>£ 6,923,498</u>	<u>£ 5,176</u>	<u>£ 6,928,674</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Hallsworth (Farmland Trust) Limited	100%
Farmspeed (Southery Anchor) Limited	100%

The aggregate of the share capital and reserves as at 31 December 2003 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Hallsworth (Farmland Trust) Limited	3,477,990	-
Farmspeed (Southery Anchor) Limited	<u>2,299,071</u>	<u>-</u>

Listed investments

The market value of the listed investments at 31 December 2003 was £14,595 (2002£11,422) .

8. STOCKS

	2003 £	2002 £
Cultivations	695,428	510,429
Crops in store	<u>772,974</u>	<u>953,258</u>
	<u>£ 1,468,402</u>	<u>£ 1,463,687</u>

9. DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	904,600	568,738
Amounts owed by group undertakings	1,739,556	2,099,216
Other debtors	<u>67,823</u>	<u>89,175</u>
	<u>£ 2,711,979</u>	<u>£ 2,757,129</u>

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

10. CREDITORS:

Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	101,832	116,237
Trade creditors	19,838	35,587
Amounts owed to group undertakings	2,247,976	2,293,561
Other creditors	130,510	114,319
Accruals and deferred income	286,564	303,350
	<u>£ 2,786,720</u>	<u>£ 2,863,054</u>

A composite guarantee dated 27 March 1998 is in place for indebtedness between AgReserves Limited and its two subsidiary companies, Hallsworth (Farmland Trust) Limited and Farmspeed (Southern Anchor) Limited.

11. SHARE CAPITAL

	2003	2002
	£	£
Authorised		
10,000,000 Ordinary shares of £1 each	<u>£10,000,000</u>	<u>£10,000,000</u>
Allotted, called up and fully paid		
4,100,000 Ordinary shares of £1 each	<u>£ 4,100,000</u>	<u>£ 4,100,000</u>

12. RESERVES

	£
Profit and loss account	
At 1 January 2003	(242,476)
Profit retained for the year	<u>22,547</u>
At 31 December 2003	<u>£ (219,929)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the year	22,547	14,439
Shares issued during the year	-	3,100,000
	<u>22,547</u>	<u>3,114,439</u>
Opening shareholders' funds	9,207,524	6,093,085
Closing shareholders' funds	<u>£ 9,230,071</u>	<u>£ 9,207,524</u>

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

14. NET CASH FLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	302,053	65,474
Depreciation of tangible fixed assets	223,431	243,987
(Profit)/loss on disposal of tangible fixed assets	(21,825)	8,249
Increase in stocks	(4,715)	(10,180)
(Increase)/decrease in debtors	(314,511)	144,482
Decrease/(increase) in amounts owed by group undertakings	359,660	(1,942,150)
(Decrease)/increase in creditors	(16,342)	15,547
Decrease in amounts owed to group undertakings	(45,586)	(1,449,895)
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	£ 482,165	£ (2,924,486)

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	£ 32,988	£ 19,302
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(334,056)	(281,150)
Sale of tangible fixed assets	145,500	247,965
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (188,556)	£ (33,185)
FINANCING		
Issue of ordinary shares	£ -	£ 3,100,000

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

16. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2003 £	Cash flow £	31 December 2003 £
Cash at bank and in hand:	848	(302)	546
Bank overdraft	(116,237)	14,405	(101,832)
NET DEBT	£ (115,389)	£ 14,103	£ (101,286)

17. CAPITAL COMMITMENTS

At 31 December 2003 the company had capital commitments as follows:

	2003 £	2002 £
Contracted for but not provided in these financial statements	£ -	£ -

18. PENSION COMMITMENTS

The pension charge for the period was £22,824 (2003 £31,403). The company operates a defined benefit pension scheme. However, the scheme is a multiple employer scheme and the company is unable to identify its share of the underlying assets and liabilities. As at 31 December 2003, the valuation showed that the market value of the plan's assets was £14,100,000, although after deducting the actuarial value of liabilities, there is a deficit on the scheme of £7,380,000. The assumptions having the most significant effect on the valuation results were that investment returns would be 7% and that pensionable earnings increases would average 4.3%.

19. OPERATING LEASE COMMITMENTS

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2003 £	2002 £	Other 2003 £	2002 £
Expiry date:				
Within 1 year	392,226	301,226	-	-

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

20. RELATED PARTY TRANSACTIONS

During the normal courses of business, the company carried out arm length transactions with various related parties as follows :

a) The Church of Jesus Christ of Latter-Day Saints (Welfare) Limited which, under the name of England Farm Properties, is the company's landlord

	2003	2002
	£	£
Charitable covenant payable	316,189	84,776
Rent payable	300,591	301,226
Debtor balance as at 31 December 2003	<u>1,671,247</u>	<u>1,990,433</u>

b) Hallsworth (Farmland Trust) Limited, a 100% subsidiary of the company;

	2003	2002
	£	£
Management fees receivable	62,072	77,440
Creditor balance as at 31 December 2003	<u>(502,260)</u>	<u>(476,882)</u>

c) Farmspeed (Southery Anchor) Limited, a 100% subsidiary of the company;

	2003	2002
	£	£
Management fees receivable	65,818	69,286
Creditor balance as at 31 December 2003	<u>(1,703,042)</u>	<u>(1,707,955)</u>

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate joint parent undertakings are the Corporation of the President of the Church of Jesus Christ of the Latter-Day Saints and the Corporation of the Presiding Bishopric, both corporations incorporated in the State of Utah.